

Notice of Hearing - 1300304

The grounds for such proposed actions are as follows:

COUNT I

1. Portfolio Diversification Group (Collectively with the Respondent Mahendra Wagha "Wagha") is an Illinois corporation with the last known address of 1975 Crowfoot Circle South Hoffman Estates, IL 60169.
2. Mahendra Wagha (Collectively with the Respondent Portfolio Diversification Group "PDG") is the President of PDG.
3. Respondent PDG has been a registered Investment Adviser with the Secretary of State, Illinois Department of Securities ("IDS") since April 2002.
4. Respondent Wagha has been registered as an Investment Adviser Representative with the IDS since April 2002.
5. Respondents PDG and Wagha entered into a contract as an investment adviser with Investor A on February 14, 2011.
6. On January 21, 2013, Investor A filed suit against Wagha and PDG in the United States District Court, for the Northern District of Illinois Eastern Division, alleging breach of contract, fraud, breach of fiduciary duty, and violation of § 10(b), 15 U.S.C. § 78j(b).
7. A change that renders no longer accurate any information contained in any application for registration or re-registration as an investment adviser representative must be reported to the Secretary of State within ten (10) business days after the occurrence of the change. 815 ILCS 5/8.D-5.
8. The application on file with the Securities Department shall be amended whenever a change occurs that renders inaccurate any information contained in the application. The amendment shall be filed, utilizing the CRD, within ten (10) business days after the occurrence of the change. 14 ILL. Adm. Code 130.839(d).
9. The relevant portion of the U4 Form states the following:
14I. (1) Have you ever been named as a respondent/defendant in an *investment-related*, consumer-initiated arbitration or civil litigation which alleged that you were involved in one or more *sales practice violations* and which;
(a) Is still pending.
10. Wagha failed to disclose and/or amend his U 4 Form within the ten (10) business days to include the pending civil litigation filed by Ketan Patel regarding investment related allegations.
11. Section 12.D states that it shall be a violation of the provisions of this Act for any person to fail to file with the Secretary of State any application, report, or document required to

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be filed under the provisions of this Act or any rule or regulation made by the Secretary of State pursuant to this Act or to fail to comply with the terms of any order of the Secretary of State issued pursuant to Section 11 hereof.

COUNT II

12. During the course of the Secretary of State Department of Securities investigation an audit was conducted into PDG to ascertain the state of their affairs.
13. The audit revealed several deficiencies in PDG including failure to maintain adequate reserves to pay expected operating costs.
14. The registration of an investment adviser may be denied, suspended, or revoked if the Secretary of State finds that the investment adviser is insolvent. 815 ILCS 5/8.E(1)(d).

You are further notified that you are required pursuant to Section 1104 of the Rules to file an answer to the allegations outlined above, or other responsive pleading within 30 (thirty) days of receipt of this notice. Your failure to do this within the prescribed time shall be deemed an admission of the allegations contained in the Notice of Hearing and waives your right to a hearing.

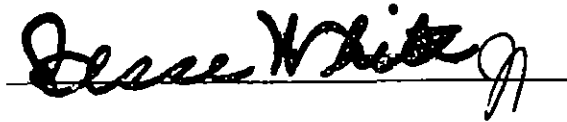
Furthermore, you may be represented by legal counsel; may present evidence; may cross-examine witnesses and otherwise participate. A failure to appear shall constitute default by you.

A copy of the Rules and Regulations promulgated under the Illinois Securities Law and pertaining to hearings held by the Office of the Secretary of State, Illinois Securities Department, are available at the Department's website:
<http://www.cyberdriveillinois.com/departments/secunties/lawrules.html>

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Delivery of notice to the designated representative of any Respondent constitutes service upon such Respondent.

Dated: This 31st day of March, 2014.

A handwritten signature in black ink, appearing to read "Jesse White", is written over a horizontal line. The signature is stylized and includes a flourish at the end.

JESSE WHITE
Secretary of State
State of Illinois

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